

EXHIBIT K

PEB-08-04 10:52 FROM LYNCH et al.

ID:808 528 4887

PAGE 2/3

LYNCH ICHIDA THOMPSON KIM & HIROTA

A LAW CORPORATION

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February 9, 2004

Lex R. Smith, Esq.
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First Hawaiian Center
999 Bishop Street, Suite 2600
Honolulu, Hawaii 96813

VIA FAX NO. 539-8799
and FIRST CLASS MAIL
Rule 408 Settlement Communication.

Re: Wayne Berry v. Hawaiian Express Service, Inc., et al.,
Civil No. CV03-0035 SOM-LEK

Dear Mr. Smith:

As you may recall, we have discussed several ways to resolve this case. My client needs to be certain that he will never have to pursue your clients for infringement again and your clients seek a similar assurance that they will not be sued by Mr. Berry. Therefore we recommend the following:

A single payment of \$400,000 and a stipulated injunction against future infringement. To assure compliance with that injunction, C&S must agree to engage a reputable outside programmer to create a non-infringing replacement for Mr. Berry's system. We must have sufficient access to assure that C&S is not again using Mr. Berry's system or any derivative of Mr. Berry's system. A reputable programmer should be sufficient for that access so long as Mr. Berry is able to communication with them unimpeded.

Any role by former API Employees or Fleming-Logics Personnel in the development and programing of the system will remain a basis for suspecting that C&S is infringing. We believe that reputable programmers will not agree to these person having any role in the development of any replacement work. Additionally, Mr. would also be willing to discuss a going forward license fee arrangement that could permit changes to be made by your client.

FEB-09-04 10:52 FROM: LYNCH et al.

ID: 508 528 4997

PAGE 3/3

Page 2
February 9, 2004

This offer will remain open until February 18, 2004 unless extended in writing.

Very truly yours,

LYNCH ICHIDA THOMPSON KIM & HIROTA



Timothy J. Hogan

TJH:llk
cc: Mr. Wayne Berry